

# RENT HIKES

## NOW WITH TWO-DAY SHIPPING

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The Communication Failures of a Tech Company Turned Urban Developer

A dark silhouette of a city skyline, featuring various skyscrapers and buildings, spanning the width of the slide.

### CAPSTONE PRESENTATION

Savina Proykova

July 18, 2019

# Amazon HQ2

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## What happened?

Amazon selected a city for its 2nd headquarters, only for the deal to fall through.

## Why does it matter?

A community came together to push one of the biggest corporations in the world out of their city.

## My goal:

Demonstrate how an organization should **NOT** handle this type of economic investment within urban redevelopment.



Background &  
Timeline of Events



Amazon's Strategy:  
what worked



Evaluation:  
what Didn't work



My Recommendations  
& Key Insights

# The Proposal

## Amazon's Request for Proposals

- \$5 billion HQ
- 50,000 employees

## New York City's Proposal

- NY submitted four neighborhoods; making the top 20
- Amazon decided to split HQ2: Long Island City & Crystal City

## Amazon's Swift Exit

- Community backlash ensued
- Amazon couldn't handle the heat

September 7, 2017

Amazon releases an RFP for a 2nd headquarters (HQ2).

2017

October 19, 2017

238 proposals received from across the US & Canada.

January 18, 2018

20 finalists are announced.

2018

November 13, 2018

Queens, NY & Arlington, VA jointly split the HQ2 bid.

2019

February 14, 2019

Amazon withdraws its offer.

# Amazon Created a Competition

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“The most high-profile public bidding war in modern history.”

## An elimination-style game show

- Boosted demand to capture the best deal
- At least **\$42 million** worth of free publicity
- Cities jumped at the opportunity



# Amazon Leveraged Brand Champions

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“ we want to see the borough of Queens thrive. - Mayor de Blasio ”

## ID supporters to gain momentum

- Elected officials
- University presidents
- Tech startups, CEOs, industry leaders



# Amazon Utilized Brand Reputation

## Untouched by bad press

- Amazon is not new to negative PR
- Corporate social responsibility efforts?
- Axios Harris Poll's most visible company

### 2019 Corporate Reputation Rankings

#### GUIDE TO SCORES

Excellent Very good Good Fair  
Poor Very poor Critical

#### FILTER BY

All companies

2019 RANK	COMPANY	TREND 2010-19	2019 SCORE	CHANGE IN RANK
#1	Wegmans		83.0	↗ 1 +
#2	Amazon		82.3	↘ 1 +
#3	Patagonia		81.4	↗ 6 +
#4	L.L. Bean		80.7	↗ 11 +
#5	Walt Disney		80.4	n/a +
#6	Publix		80.3	↗ 2 +
#7	Samsung		80.0	↗ 28 +
#8	Procter & Gamble		79.8	↗ 12 +
#9	Microsoft		79.7	↗ 2 +
#10	Sony		79.4	↗ 21 +

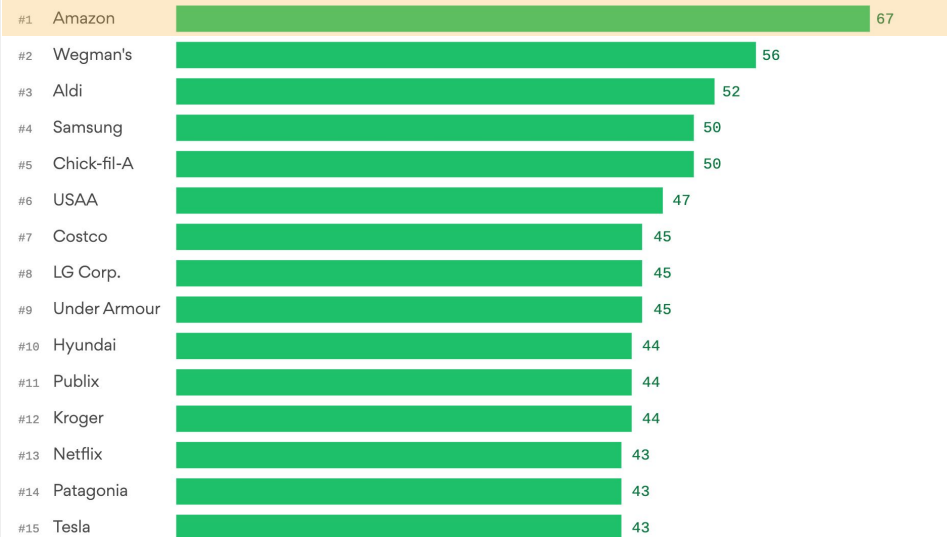
# Amazon Distinguished Itself in the Market

## A force to be reckoned with

- Gained a substantial amount of city data
- Stock **market value** nearly doubled
- World's richest person: **Jeff Bezos**
- Recognition across market categories

## 2019 Velocity List

COMPANIES WITH MOST MOMENTUM (Momentum is calculated by % saying the company is "on its way up" minus the % saying "on its way down")



# Media Blitz

## From Bachelor-style reveals to a partisan political issue overnight

- Heighten publicity = Pressure to deliver
- Opened doors for further scrutiny
- Timing is everything
- Internal scandals





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## **Cities found themselves pitted against other cities vying for Amazon's attention**

- Combative proposal guidelines
- Best location or best incentive package?
- Disadvantages cities couldn't compete

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# Unclear Motives

## What were Amazon's expectations?

- Failed to outline business goals
- Lack of clarity led to rumors
- Seattle City Council tax proposal



Alexandria Ocasio-Cortez ✓

@AOC

When we talk about bringing jobs to the community, we need to dig deep:

- Has the company promised to hire in the existing community?
- What's the quality of jobs + how many are promised? Are these jobs low-wage or high wage? Are there benefits? Can people collectively bargain?

10:51 PM - 12 Nov 2018

# A Shady Process

“ This is the ultimate case of 'three men in a room.' - Bramer ”

## Lack of transparency and community involvement from the beginning

- Side-stepping standards during RFP process
- Winners already decided?
- Behind-the-scenes negotiations
- Amazon's decision to withdraw



Scott Galloway ✓

@profgalloway



HQ2 ... and 3 ... are official, after 14 months of gaming the commonwealth. The Amazon HQ2 process was not transparent, but illuminating: Mr. Bezos and his board lack character and code. [#nomercynomalice2inc.com/daily-insights...](#)

310 10:08 AM - Nov 13, 2018



### AMAZON HQS ALL A SHORT DRIVE FROM BEZOS HOMES



# Lack of Empathy

## Amazon glossed over the strain its decision would cause a city

- Missed chance to interact with community
- City leaders felt cheated
- Local corporations felt duped
- Residents and community left out



# Company Culture Shock

“ New York City does not need Amazon. - Ocasio-Cortez ”

## Was Amazon a good fit for Queens?

- Silicon Valley Elitist
- Long Island City is not a “blank canvas”
- Obsession with the counterculture



# Best Practices for Urban Investment

1. **Identify Business Goals**
2. A Community-first Process
3. Collaboration over Competition
4. Be an Industry Leader
5. Empathy Through Storytelling
6. An Incremental Approach
7. Long-term Commitment

## Identify shortcomings

- Seattle's homelessness rate
- Median housing price has grown to **\$770,000**

## Make your case

- Why is it a good decision for all involved

## Be transparent about the end goal

- What's really important for the company?

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## Relationship-building

- “development is a **private enterprise that is acted out on a very public stage.**”  
- *Peter Hendee Brown, Architect*

## Company mission, vision, and values

- City residents project identity to their city

## Real estate development strategies

- Presence in neighborhood meetings

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## Power of regional commonality

- Competition inhibits urban environments

## Opportunity for placemaking

- One cohesive brand strategy

## Work with cities rather than against

- Allies in every step of the process



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## Look to competitors in the industry

- Google & Apple expansions
- Microsoft's pledge

## Address the impacts and disruptions of the business model

- Correct, avoid or mend these issues

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## Look for a story

- NYC and DC are already “**superstar cities**”

## Change the narrative

- “A tech giant could have “**profound, positive effects**” on a city looking to bounce back.”  
- Pallavi Kumar, American University

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## The developer's approach of a quiet, incremental pursuit

- Neighborhood associations
- Relationship-building with community leaders
- Local input on site selections
- Design charrette workshop

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**Is this approach adaptable and sustainable for the future?**

- Changing demographics and market trends

**Environmental impacts**

- Commitment for sustainable practices

# Key Takeaways

## Amazon's Major Communication Missteps

- **Lack of clear communication** and transparency of business goals
- Publicity stunt did **more harm** to company reputation
- **Limited relationship-building** and understanding of community

## Communication Recommendations

- **Clear understanding of goals** and communication with those involved
- Messaging with a **focus on localist strategies** in business development
- Create **long-term vision** of support, acknowledging past mistakes